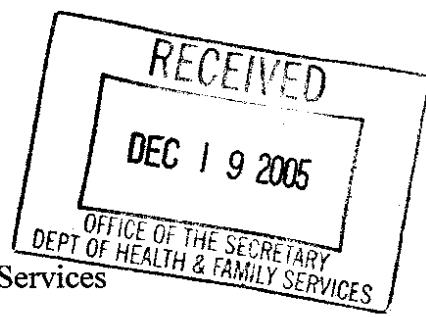


05-122001

December 15, 2005



Helene Nelson, Secretary, Department of Health and Family Services

C/o Kathleen Luedtke, Comprehensive Systems Change Manager
1 W. Wilson St., Room 850
P.O. Box 7851
Madison, WI 53707-7851

Dear Secretary Nelson:

As you know, the Wisconsin Assisted Living Association is an industry organization representing assisted living providers throughout the state. We have a continuing interest in participating in the planning of long term care reform. Although WALA is not looking to become a managed care provider, we do have concerns about the impact of long-term care reform on our industry, and we recommend that you proceed with caution.

1. WALA believes that Medicaid programs ought to be reserved for the truly needy. Regulations, tax policies, and the like ought to create incentives for those with the means to prepare for their long-term care, such as with long-term care insurance. Furthermore, the state should eliminate eligibility loopholes and the ability for consumers to artificially impoverish themselves to qualify for Medicaid. Medicaid should be refocused as a government financed long-term care program for the genuinely needy. The outcome will be an incentive for middle-income consumers to take responsibility to privately pay for long-term care, and enable Medicaid to provide a wider range of better services to the truly needy.

WALA is the state affiliate of ALFA, the Assisted Living Federation of America. ALFA's president, Rick Grimes, is a participant in the White House Conference on Aging (WHCoA). Participating in a financing subgroup last week at the WHCoA, Grimes noted:

“that among the key issues discussed is the need to incentivize consumers to take personal responsibility for their future long-term care needs.”

2. WALA supports the principles outlined by the Comprehensive Systems Change Committee as a foundation on which to build for the future.

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Jim Murphy
Executive Director



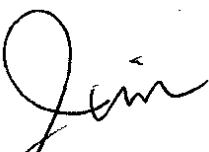
3. Residents receiving Medicaid/Medical Assistance are not currently a significant portion of the assisted living market. However, we fear that history will repeat itself if past mistakes - particularly in the rates offered to providers - are repeated in a new managed care arena.

Unless the supply of assisted living exceeds the demand, there is no motivation for an assisted living provider to participate in managed care. Adding administrative overhead, bureaucratic oversight and layers of decision-makers does not necessarily lead to quality care.

If the state should become the largest consumer of assisted living services, we believe it will adversely affect the availability and flexibility of services providers can offer. The beauty of assisted living lies in the choices and options it offers to consumers, which would be adversely impacted by the dominance of a single large payer into the market.

Despite our concerns, we are interested in working with the Department on long-term care reform. It is clear that the Department and others are committed to the idea of managed care being central to this reform, but we do not want what has happened to the nursing home industry to spread into assisted living. Thank you for actively soliciting input from stakeholders throughout the long-term care industry.

Sincerely,



Jim Murphy
Executive Director
WALA

Att: Attachment B

Attachment B

Statement of Interest – Statewide Long -Term Care Reform
Format for Response to Request for Information/Proposals
Wisconsin Department of Health and Family Services

Organization Name (s) (List all public and private entities represented by this statement of interest.):

Wisconsin Assisted Living Association

Contact Person and Contact Person's Organization (List name, address, telephone number, email and fax number.):

Jim Murphy, Executive Director, WALA, 2875 Fish Hatchery Rd, Madison, WI 53703
608-288-0246; fax 608-288-0734

Brief Description of Organization (Legal entity status, purpose, scope of enterprise):
501 (c) (6) statewide advocacy organization to promote assisted living.

Interest in Planning and Implementation of Long-Term Care Reform in Wisconsin:

Insuring that elderly people in need have the widest range of appropriate care to meet their needs. Assisted living is the increasing less restrictive choice for many whose needs can be met in assisted living.

Geographic Area of Interest (List counties within the potential planning and service area of the entity or consortium.):

Statewide assisted living providers.

Proposed Scope and Nature of the Program (including target groups to be served, benefit package to be offered, and rationale for this proposal in terms of fiscal soundness and program effectiveness)

Insuring that assisted living is considered in the mix for long-term care services.

Other Comments or Information:

See attached letter.